SUBMITTED TESTIMONY OF SENATOR ROB PORTMAN

UNITED STATES INTERNATIONAL TRADE COMMISSION

CERTAIN PASSENGER VEHICLE AND LIGHT TRUCK TIRES FROM CHINA

INVESTIGATION NOS. 701-TA-522 AND 731-TA-1258 (FINAL)

I submit this testimony to express my support for the United Steelworkers' antidumping and countervailing duty petitions on passenger vehicle and light truck tires from China. I know that the Commission will weigh all of the facts and consider them under the law as it makes its determination. I believe those facts and the law support an affirmative vote for relief in this case.

As a former U.S. Trade Representative, and now as Senator representing the state of Ohio, I have seen firsthand how important our trade remedy laws are. As we seek to expand trade with countries all over the globe, it is all the more vital that we ensure this increased trade takes place on terms that comply with international rules and national laws. We must take advantage of the opportunities that closer trade ties can provide, but we must also guard against the threat that unchecked unfair trade practices may create false advantages, distort markets, and harm our domestic industries and workers. For more open trade to work, it must be governed by rules and those rules must be enforced.

The case before this Commission illustrates just how much of a difference our trade remedy laws can make. In September 2012, safeguard duties on passenger car and light truck tires from China expired. The impact was immediate. Imports from China surged back into the U.S. market, jumping by 66 percent in just the first quarter after the duties ended. Imports have continued to increase, and they have grown by more than 26 million tires, or 84 percent, from

2012 to 2014. And these tire imports were not increasing because of market fundamentals; their rise was enabled by an array of unfair trade practices. The Department of Commerce has preliminarily found that Chinese producers have dumped tires in the U.S. market at margins ranging from 19.17 percent to 87.99 percent, and these Chinese producers benefit from generous government subsidies at margins ranging from 11.74 percent to 81.29 percent. These unfair practices—selling below costs and government subsidies—have made it possible for Chinese producers to consistently and deeply undercut U.S. tires to the detriment of American workers. In the Commission's preliminary determination, you found that Chinese tires undersold U.S. tires in every single comparison examined, with the margins of underselling increasing as the volume of Chinese tires rose.

The increases in Chinese imports came at the direct expense of our domestic tire industry. In a recovering market where demand has been growing, our domestic producers have seen their shipments and market share drop as China's share rises, costing production and jobs at American tire plants. As the Commission found in its preliminary determination, this has also eroded the domestic tire industry's rate of capacity utilization, a dangerous and unsustainable trend in such a capital-intensive industry.

The fate of the tire industry is very important to my state. Ohio has a long and proud history in the tire and rubber industry. Goodyear Tire & Rubber, a major domestic producer of passenger car and light truck tires, has its headquarters in Akron, Ohio. In addition, nearly a thousand Ohioans produce passenger car and light truck tires at Cooper Tire & Rubber Co. in Findlay, Ohio. According to *Modern Tire Dealer,* the plant has the capacity to produce 23,000 tires a day, and it is one of the top employers in Findlay.[1] The plant also provides important

[1] 2015, January. Facts Issue 2015. *Modern Tire Dealer,* 44.

indirect economic benefits to the state, as its workers spend their hard-earned wages in the local community and many area businesses benefit from the plant's business.

Unfortunately, Cooper, just like the rest of the domestic tire industry, has been harmed by the surge in low-priced Chinese imports. As the local union president at Cooper testified to Commission staff in June 2014, the plant's daily production fell from 21,500 tires a day to just 17,400 tires a day after safeguard tariffs expired in 2012 and Chinese imports began to rise. As a result, Cooper management was forced to take days out of schedule, reduce the number of tire molds in operation, and allow the workforce to shrink. The reason for these troubling trends is clear. In its 2013 Annual Report, Cooper explained that its reduced sales volume in North America "is a result of increased competition from imports." It is unfairly traded imports from China that grew most rapidly and caused the harm the industry has suffered.

After the Department of Commerce imposed preliminary antidumping and countervailing duties on Chinese imports in November 2014 and January 2015, the impact was immediate. Imports from China dropped sharply, and in the first quarter of 2015 they were 63 percent below the level of the same quarter last year. This has created important opportunities for our domestic tire producers to regain lost production, shipments, and market share.

Tire manufacturers and workers in Ohio, and throughout this country, are ready and able to compete when given a level playing field.

I know that you will give this investigation a thorough and detailed analysis based on the facts on the record. An affirmative vote will give the domestic tire industry and its workers the chance to recover from the injury they have suffered and the chance to thrive in the years ahead.